

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SS-20 SPC-03 IO-14 AID-20 STR-08

COME-00 FRB-02 TRSE-00 OMB-01 XMB-07 AGR-20 PA-04

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E.O. 11652: N/A

TAGS: EAID, EFIN, AR, IDB

SUBJECT: AMERICAN BUSINESS COMMUNITY REACTION TO PROPOSED

IDB LOANS TO ARGENTINA

REF BA 463

1. RECENT ANNOUNCEMENTS IN WASHINGTON AND BUENOS AIRES CONCERNING ARGENTINE REQUESTS FOR LARGE IDB LOANS WERE WIDELY MISINTERPRETED HERE BY ARGENTINE PUBLIC AND BY US BUSINESS COMMUNITY AS MEANING THAT IDB HAD ACTUALLY APPROVED THESE LOANS. THIS IS NOT SURPRISING SINCE THE UNUSUAL NATURE OF THE ANNOUNCEMENTS EASILY LED TO SUCH MISINTERPRETATION.

2. SEVERAL US BUSINESSMEN HAVE REMARKED TO US THAT THEY WERE AMAZED THAT A COUNTRY WHICH FEELS ITSELF RICH ENOUGH TO EXTEND \$200 MILLION DOLLARS A YEAR IN CREDIT TO CUBA WOULD BE ELIGIBLE FOR SUCH LARGE AMOUNTS OF IDB ASSISTANCE. IN THEIR VIEW, IDB CREDITS TO ARGENTINA UNDER THESE CIRCUMSTANCES WOULD PERMIT ARGENTINA TO GIVE MORE CREDIT TO CUBA.

3. THESE BUSINESSMEN, ON BEING INFORMED THAT THE IDB HAD LIMITED OFFICIAL USE

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NOT APPROVED THESE LARGE LOANS, EXPRESSED HOPE THAT USG WOULD

CONSIDER ARGENTINA'S TREATMENT OF FOREIGN BUSINESS IN
DECIDING WHETHER TO VOTE IN FAVOR OF SUCH LOANS. THEY
FELT THERE WAS A DISTINCT DANGER THT LOANS FROM INTERNATIONAL
LENDING ORGANIZATIONS WOULD PROTECT ARGENTINA FROM CONSEQUENCES
OF BAD ECONOMIC POLICIES, AND EVEN ENCOURAGE MOVEMENT TOWARD A
MORE STATE CONTROLLED ECONOMY, TO THE DETRIMENT OF THE PRIVATE
SECTOR.

KREBS

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